

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



**RECEIVED**

W-01902A  
T. K. Water Service  
P. O. Box 200  
Vernon AZ 859400200

APR 04 2005

AZ Corporation Commission  
Director Of Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2004
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FOR COMMISSION USE

ANN04	04
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## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>TIMBER KNOLL HOMEOWNERS' ASSOC. INC</u> <u>DBA TK WATER SERVICE</u>			
<b>Mailing Address</b> <u>POST OFFICE BOX 200</u>			
<u>VERNON</u> (City)		<u>AZ</u> (State)	<u>85940</u> (Zip)
<u>(928) 537-3216</u> Telephone No. (Include Area Code)		<u>N/A</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> <u>N/A</u>			
<b>Local Office Mailing Address</b> <u>POST OFFICE BOX 200</u>			
<u>VERNON</u> (City)		<u>AZ</u> (State)	<u>85940</u> (Zip)
<u>(928) 537-3216</u> Local Office Telephone No. (Include Area Code)		<u>N/A</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> <u>N/A</u>			

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>DOUG FERRIS</u> (Name)				<u>PRESIDENT</u> (Title)	
<u>P.O. BOX 474</u> (Street)		<u>VERNON</u> (City)	<u>AZ</u> (State)	<u>85940</u> (Zip)	
<u>(928) 537-4657</u> Telephone No. (Include Area Code)		<u>N/A</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)		
<b>Email Address</b> <u>N/A</u>					
<b>On Site Manager:</b> <u>DOUG FERRIS</u> (Name)					
<u>P.O. BOX 474</u> (Street)		<u>VERNON</u> (City)	<u>AZ</u> (State)	<u>85940</u> (Zip)	
<u>(928) 537-4657</u> Telephone No. (Include Area Code)		<u>N/A</u> Fax No. (Include Area Code)	<u>N/A</u> Pager/Cell No. (Include Area Code)		
<b>Email Address</b> <u>N/A</u>					

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent:</b> <u>SANDRA BRATCHER</u>			
(Name)			
<u>A.O. BOX 200</u>	<u>VERNON</u>	<u>AZ</u>	<u>85940</u>
(Street)	(City)	(State)	(Zip)
<u>(928) 537-7078</u>	<u>N/A</u>		<u>N/A</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> <u>NONE</u>			
(Name)			
(Street) (City) (State) (Zip)			
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                     |
| <input type="checkbox"/> Bankruptcy (B)         | <input checked="" type="checkbox"/> Association/Co-op (A)                 |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |  |                                   |                                   |
|--|-----------------------------------|-----------------------------------|
| <input checked="" type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA              | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ            | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO            | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ        | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE         |                                   |                                   |

COMPANY NAME

TK Water Service

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	5,763	5,713	50
307	Wells and Springs	4,280	4,280	-0
311	Pumping Equipment	6,943	4,645	2,298
320	Water Treatment Equipment	494	275	219
330	Distribution Reservoirs and Standpipes	6,440	6,440	-0
331	Transmission and Distribution Mains	63,505	27,190	36,365
333	Services	3,796	3,796	-0-
334	Meters and Meter Installations	2,401	2,191	210
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	165	165	-0
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>93,181</b>	<b>54,695</b>	<b>39,092</b>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

TK Water Service

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	5,163	5%	0
307	Wells and Springs	4,280		0
311	Pumping Equipment	6,943		199
320	Water Treatment Equipment	494		25
330	Distribution Reservoirs and Standpipes	6,440		24
331	Transmission and Distribution Mains	63,505		3,176
333	Services	3,796		136
334	Meters and Meter Installations	2,401		65
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	165		0
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>93,787</b>		<b>3,625</b>

This amount goes on the Comparative Statement of Income and Expense  
Acct. No. 403.

COMPANY NAME TK Water Service

**BALANCE SHEET**

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 4,849	\$ 6,083
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 4,849	\$ 6,083
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 90,829	\$ 93,787
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	51,070	54,695
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 39,759	\$ 39,092
	<b>TOTAL ASSETS</b>	\$ 44,608	\$ 45,175

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME *TK Water Service*

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	<i>0</i>	<i>80</i>
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ <i>0</i>	\$ <i>80</i>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<i>44,608</i>	<i>45,095</i>
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$	\$
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ <i>44,608</i>	\$ <i>45,175</i>

COMPANY NAME *TK Water Service*

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 14,541	\$ 14,167
460	Unmetered Water Revenue		
474	Other Water Revenues	140	125
	<b>TOTAL REVENUES</b>	\$ 14,681	\$ 14,292
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water	1,745	
615	Purchased Power		2,087
618	Chemicals		
620	Repairs and Maintenance	915	528
621	Office Supplies and Expense	454	551
630	Outside Services	4,523	4,584
635	Water Testing	424	749
641	Rents		
650	Transportation Expenses		376
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	2,847	3,625
408	Taxes Other Than Income	534	805
408.11	Property Taxes	425	447
409	Income Tax	45	45
	<b>TOTAL OPERATING EXPENSES</b>	\$ 12,212	\$ 13,797
	<b>OPERATING INCOME/(LOSS)</b>	\$ 2,469	\$ 495
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	10	8
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ 10	\$ 8
	<b>NET INCOME/(LOSS)</b>	\$ 2,459	\$ 487



COMPANY NAME TK Water Service

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 80

Meter Deposits Refunded During the Test Year \$

COMPANY NAME *TK Water Service*

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<i>5-5-646115</i>	<i>5</i>	<i>20</i>	<i>640</i>	<i>6"</i>	<i>5/8 x 3/4</i>	<i>1962</i>

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
<i>NONE</i>		<i>NONE</i>

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
<i>3/4</i>	<i>2</i>	<i>NONE</i>	<i>NONE</i>

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>10,000 GALLON</i>	<i>1</i>	<i>120 GAL</i>	<i>2</i>

COMPANY NAME TK Water Service

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC	3195
3	PVC	200
4	PVC	350
5		
6	PVC	5360
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	45
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

**TREATMENT EQUIPMENT:**

AUTOMATIC CHLORINATOR

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**STRUCTURES:**

WELL HOUSE

PRESSURE TANK HOUSE

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**OTHER:**

NONE

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COMPANY NAME: TK Water Service

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	42	136,809	170,300
FEBRUARY	42	140,850	148,700
MARCH	42	140,850	148,700
APRIL	42	163,080	189,400
MAY	42	364,747	405,200
JUNE	42	462,502	472,700
JULY	42	262,365	327,700
AUGUST	42	330,403	448,400
SEPTEMBER	42	235,700	242,387
OCTOBER	42	202,370	221,000
NOVEMBER	42	110,228	126,800
DECEMBER	42	118,855	127,000
TOTAL		NA	3,028,287

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes

(X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes

(X) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. 1001 mg/l

(If more than one well, please list each separately.)

**Note: If you are filing for more than one system, please provide separate data sheets for each system.**

COMPANY NAME TK Water Service YEAR ENDING 12/31/2004

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 446.96

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMPANY NAME TK Water Service

YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>487</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>487</u>
Estimated or Actual State Tax Liability	<u>45</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

K Douglas J. Ferris  
SIGNATURE

3-30-05  
DATE

Douglas J. Ferris  
PRINTED NAME

PRESIDENT  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

APR 6 4 2005

**VERIFICATION**

AZ Corporation Commission  
Director Of Utilities

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>APACHE</u>
NAME (OWNER OR OFFICIAL) TITLE <u>DOUG FERRIS PRESIDENT</u>
COMPANY NAME <u>TIMBERKNOLL HOMEOWNERS' ASSOC. INC.</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 14,292

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 850  
IN SALES TAXES BILLED, OR COLLECTED)

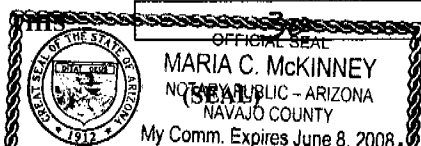
**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

X *Douglas Ferris*  
SIGNATURE OF OWNER OR OFFICIAL  
928-537-4657  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

COUNTY NAME <u>Navajo</u>	
MONTH <u>March</u>	YEAR <u>2005</u>



MY COMMISSION EXPIRES 06-08-08

*Maria C. McKinney*  
SIGNATURE OF NOTARY PUBLIC

VERIFICATION  
AND  
SWORN STATEMENT  
**RESIDENTIAL REVENUE**  
**INTRASTATE REVENUES ONLY**

**RECEIVED**

APR 04 2005

VERIFICATION

AZ Corporation Commission  
Director Of Utilities

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	
NAME (OWNER OR OFFICIAL)	TITLE
COMPANY NAME	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

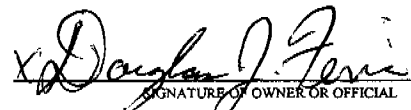
\$ 14,292

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 850

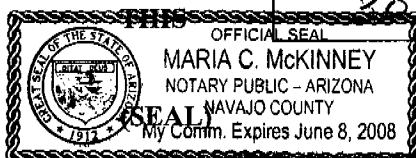
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
928-537-4657  
\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

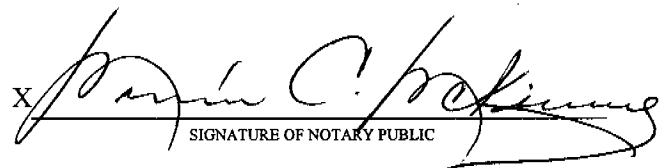


MY COMMISSION EXPIRES

DAY OF

06-08-08

NOTARY PUBLIC NAME <u>Maria C. McKinney</u>	
COUNTY NAME <u>Navajo</u>	
MONTH <u>March</u>	, 20 <u>05</u>

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC



Norris A. Baldwin, MBA, CPA  
Robert R. Jones, MAcc, CPA



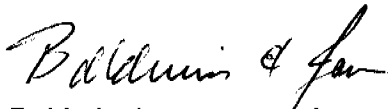
**BALDWIN & JONES, PLLC**  
Certified Public Accountants

Timber Knolls Home Owners Assn, Inc.  
dba TK Water Service  
P.O. Box 200  
Vernon, AZ 85940

We have compiled the accompanying balance sheet of Timber Knolls Home Owners Assn, Inc. dba TK Water Service (A Corporation) as of December 31, 2004 and the related statement of income for the twelve months then ended, in accordance with the standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

  
Baldwin & Jones, PLLC  
Certified Public Accountants

March 23, 2005

TK Water Service  
Balance Sheet  
As of December 31, 2004

A S S E T S

Current Assets		
Cash	\$ 6,083.25	
Total Current Assets		6,083.25
Property, Plant & Equipment (At Cost)		
Utility Plant in Service	93,786.57	
Less Accumulated Depreciation	(54,695.00)	
Total Property, Plant & Equipment		39,091.57
Total Assets		<u>\$45,174.82</u>

LIABILITIES' & EQUITY

Current Liabilities		
Customer Security Deposits	80.00	
Total Current Liabilities		80.00
Equity		
Retained Earnings	45,094.82	
Total Equity		45,094.82
Total Liabilities & Equity		<u>\$45,174.82</u>

TK Water Service  
Statement of Income  
For the year ended December 31, 2004

Net Revenues		
Water Usage	14,327.42	
Other Water Fees	125.00	
Refunds	(160.00)	
Total Net Revenues		14,292.42
Operating Expenses		
Purchased Power	2,087.12	
Depreciation	3,625.00	
Office Expenses	551.28	
Outside Services	4,583.92	
Water Testing	748.52	
Property Tax	446.96	
Sales Tax	804.70	
Repairs	528.37	
Travel	375.89	
Total Operating Expenses		<u>13,751.76</u>
Operating Income		540.66
Other Income (Expense)		
Interest Expense	(9.00)	
State Income Taxes	(45.00)	
Total Other Income (Expense)		<u>(54.00)</u>
Net Income		<u>486.66</u>

See Accountants' Compilation Report Attached

Hard Copy

Monday, March 28, 2005

**Apache County Treasurer**

**Owner**

**Katherine D. Arviso**

P.O. Box 699

St Johns, AZ 85936

Phone:(928) 337-4364, Fax:(928) 337-4686

karviso@co.apache.az.us

T K Water Service Formerly Timberknoll    TOTAL VALUE OF OPERATING PROPERTY 106-41-059    6,000  
Doug Ferris/Pres  
P O Box 200  
Vernon AZ 85940

**Parcel ID: 926-20-900**

**Figures below based on 03/31/2005**

<b>Year</b>	<b>Roll #</b>	<b>Status</b>	<b>Taxes</b>	<b>CP Amount</b>	<b>Fee(s)</b>	<b>Interest</b>	<b>Payments</b>	<b>Balance Due</b>
<b>2004</b>	51157	Tax	\$101.38	\$0.00	\$0.00	\$0.00	\$101.38	\$0.00
<b>2003</b>	50260	Tax	\$107.54	\$0.00	\$0.00	\$0.00	\$107.54	\$0.00
<b>2002</b>	49656	Tax	\$110.24	\$0.00	\$0.00	\$0.00	\$110.24	\$0.00
<b>2001</b>	48629	Tax	\$104.44	\$0.00	\$0.00	\$0.00	\$104.44	\$0.00
<b>2000</b>	47996	Tax	\$109.86	\$0.00	\$0.00	\$0.00	\$109.86	\$0.00
			<b>\$533.46</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$533.46</b>	<b>\$0.00</b>

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Monday, March 28, 2005

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T K Water Service Formerly Timberknoll    TOTAL VALUE OF OPERATING PROPERTY 106-41-058    988  
Doug Ferris/Pres  
P O Box 200  
Vernon AZ 85940

**Parcel ID: 926-21-000**

**Figures below based on 03/31/2005**

<b>Year</b>	<b>Roll #</b>	<b>Status</b>	<b>Taxes</b>	<b>CP Amount</b>	<b>Fee(s)</b>	<b>Interest</b>	<b>Payments</b>	<b>Balance Due</b>
<b>2004</b>	51158	Tax	\$345.58	\$0.00	\$0.00	\$0.00	\$345.58	\$0.00
<b>2003</b>	50261	Tax	\$317.76	\$0.00	\$0.00	\$0.00	\$317.76	\$0.00
<b>2002</b>	49657	Tax	\$382.44	\$0.00	\$0.00	\$0.00	\$382.44	\$0.00
<b>2001</b>	48630	Tax	\$306.44	\$0.00	\$0.00	\$0.00	\$306.44	\$0.00
<b>2000</b>	47997	Tax	\$347.78	\$0.00	\$0.00	\$0.00	\$347.78	\$0.00
<b>1999</b>	47469	Tax	\$470.10	\$0.00	\$0.00	\$0.00	\$470.10	\$0.00
<b>1998</b>	46998	Tax	\$426.04	\$0.00	\$0.00	\$0.00	\$426.04	\$0.00
<b>1997</b>	46858	Tax	\$424.58	\$0.00	\$0.00	\$0.00	\$424.58	\$0.00
<b>1996</b>	46515	Tax	\$356.14	\$0.00	\$0.00	\$0.00	\$356.14	\$0.00
			<b>\$3,376.86</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,376.86</b>	<b>\$0.00</b>